

Public Transportation Statewide Payroll Tax

JCTPM Workgroup on Transit, Bike/Ped, Safe Routes and Safety

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Purpose

The Legislature will need to define the purpose of the program and what specific areas will be funded. Uses of funding could include:

- Matching federal public transportation funds
- Maximizing public transportation ridership
- Elderly and persons with disabilities transportation
- Public transit fixed route service
- Intercity connections through intercity buses, connections between providers, and passenger rail
- Modernizing supporting infrastructure, including stations, bus facilities, communications systems, and information and data systems

Potential uses of funding include:

- Capital expansion for new capacity
- Capital additions that do not add capacity (e.g., bus barns, station improvements)
- Preservation/maintenance of the capital stock
- Start-up costs
- Operating costs

Distribution of Funds

The Legislature must determine how funds will be distributed. Alternatives include:

- ***Special Transportation Fund formula:*** The STF formula currently shares funds among public transportation providers. The formula is based on overall population and senior population, with each recipient getting a minimum allocation of about 0.6%. If the STF formula were used, the allowable uses should be expanded beyond service for seniors and the disabled.
- ***Create a new formula:*** The Legislature could task ODOT, working with stakeholders on the Public Transportation Advisory Committee, could be tasked with developing a new formula for distribution among the recipients of STF funding.
- ***Ensure the dollars raised in a county stay in the county:*** Funds could stay within the county they are raised. However, many counties would receive very limited funding, and the Legislature would need to determine which body (county commission or some other body) would distribute funds among providers.

- **Discretionary funds:** Some or all of the funds could be distributed through discretionary rather than formula grants. Providing funding through discretionary grants makes it more difficult for providers to increase service because they can't be certain they will have funding to sustain that service after an initial grant ends.

Tax Design

The Legislature would need to decide a number of issues about how to design the tax.

- **Rates:** A statewide rate would have to be set on some basis, such as adequacy of funding for public transportation.
- **Local options:** The Legislature would need to decide whether to allow for local option additions to the statewide tax and the process for approving these local options.

Equity

The Legislature may wish to address concerns about equity and impacts to low-income wage earners. Options could include:

- Directing recipients to put some share of funding into fare relief or free and reduced passes for low-income workers, perhaps by requiring recipients to have a program for low-income workers that mirrors federal requirements for reduced fares for seniors.
- Requiring recipients to put some portion of funding into service focused on low-income workers.